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APPROVED MINUTES COMMISSION REGULAR MEETING OCTOBER 22, 2019

The Port of Seattle Commission met in a regular meeting Tuesday, October 22, 2019, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Bowman, Calkins, Felleman, Gregoire, and Steinbrueck were present. Commissioner Calkins was present until 5:15 p.m. Commissioner Gregoire was present until 5:20 p.m.

1. CALL to ORDER

Pursuant to Article IV, Section 8, of the commission bylaws, the meeting convened at 11:04 a.m. to conduct an executive session.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The notice posted during the executive session included one matter related to national security and one matter related to litigation and legal risk. The time for reconvening was posted as 12:00 noon, in accordance with commission bylaws and the public meeting notice previously published. Following the executive session, which lasted approximately 65 minutes, the public meeting reconvened at 12:18 p.m. Commissioner Bowman led the flag salute.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was revised to remove agenda item 6b from the Unanimous Consent Calendar for separate discussion and vote and to consider agenda items 8c and 8b, in that order, immediately after the Executive Director's report.

4. EXECUTIVE DIRECTOR'S REPORT

Executive Director Steve Metruck previewed items on the day's agenda and made announcements.

5. PUBLIC COMMENT

Without objection, the overall time limit for public comment was extended to 60 minutes. Comment was received from the following individual(s):

- Jan von Lehe, 350 Seattle, in opposition to expansion of cruise business in Seattle.
- Stacy Oaks, 350 Seattle, regarding requests related to the request for proposals for development of a new cruise facility at Terminal 46. Ms. Oaks submitted written materials, which are attached as minutes [Exhibit A](#).

- Bernedine Lund, Federal Way resident, regarding port noise data, noise monitors, and airline catering workers. Ms. Lund submitted written materials, which are attached as minutes [Exhibit B](#).
- Abu Doumbia, Unite Here labor organizer, regarding his treatment by port police at the airport on October 19.
- Cindi Laws, Washington Accessible Taxi Association, regarding agenda item 7a, a briefing on airport accessibility.

The following individuals commented regarding aircraft noise, noise monitoring, or federal NextGen flight procedures affecting residents of Vashon Island:

- Richard Rotruck, resident of Vashon-Maury Island
- MaryBeth Moser, Vashon Island resident
- Kari Ulatoski, Vashon Island resident
- Alan Becker, Vashon Island resident
- Christine Alkire, Vashon Island resident
- Randal Dawson, Vashon Island resident
- Rob Luke, Vashon Island resident
- David Goebel, President of Vashon Fair Skies
- Richard Roberts, Maury Island resident
- Karen Gale, Vashon Island resident
- Dan O'Keefe, Vashon Island resident
- Kristina Klinker, Vashon Island resident
- Beverly Skeffington, Vashon Fair Skies

The following individuals commented regarding wages for airline catering workers:

- Alishia Joseph, employed by Sky Chef
- Mary Beth Clotario, who read a statement provided by Gary Linder
- Gabriel Claimilus, Unite Here labor union
- Satiya Devi, Unite Here labor union
- Stefan Moritz, Unite Here labor union

6. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are not individually discussed. Commissioners may remove items for separate discussion and vote when approving the agenda.]

6a. Approval of the minutes of the regular meeting of September 10, 2019.

As noted above, agenda item 6b was temporarily postponed.

6c. Authorization for the Executive Director to authorize design and preparation of construction documents for the 2021-2025 Airfield Pavement and Supporting Infrastructure Replacement Projects at the Seattle-Tacoma International Airport in the amount of \$16,000,000 and approve the use of a project labor agreement for each year's construction contract. The use of a PLA will be subject to approval by the Federal Aviation Administration for work receiving federal funding (CIP #C800930).

Request document(s) included an agenda [memorandum](#) and [presentation slides](#).

- 6d. Adoption of Resolution No. 3762: A Resolution of the Port Commission of the Port of Seattle declaring surplus and no longer needed for port district purposes approximately 417,963 square feet (9.6 acres) of Port-owned real property located in the City of SeaTac, King County; and further authorizing the Executive Director, or his designee, to finalize negotiation, prepare and execute all necessary documents to transfer said real property to WSDOT for use in construction of the State of Washington's future SR-509 and the proposed south access to Seattle-Tacoma International Airport.**

Request document(s) included an agenda [memorandum](#), [presentation slides](#), and draft resolution. The adopted version of [Resolution 3762](#) is attached.

Previously, Resolution 3762 was introduced October 8, 2019, under agenda item 8a.

- 6e. Authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and Teamsters Local 117 representing Rental Car Facility Bus Drivers in our Aviation Landside Operations Department, covering the period from March 15, 2019, through March 14, 2023.**

Request document(s) included an agenda [memorandum](#) and [redline](#) version of the agreement.

Agenda item 6f was removed from the agenda prior to publication.

- 6g. Authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and the International Brotherhood of Teamsters, Local 117, representing Police Specialists at the Police Department covering the period from July 1, 2018, through June 30, 2021.**

Request document(s) included an agenda [memorandum](#) and bargaining [agreement](#).

- 6h. Authorization for the Executive Director to execute the Fourth Amendment to the Cruise Facility Lease Agreement with Cruise Terminals of America for Smith Cove Cruise Terminal at Terminal 91 substantially as described in this agenda memorandum. The amended and restated lease would continue the current agreement for two years with two additional one-year extension options at the port's discretion.**

Request document(s) included an agenda [memorandum](#) and [draft lease amendment](#).

- 6i. Authorization for the Executive Director to: (1) approve an increase to the funding of design, construction, and permitting of the Port of Seattle Fire Station HVAC Upgrades project in the amount of \$55,000 for a total of \$350,000; and (2) resume the work to complete upgrades to the fire station heating system under a small works contract, presently in progress, and as early as practicable prior to the onset of lower seasonal temperatures (CIP #C800100).**

Request document(s) included an agenda [memorandum](#).

- 6j. Authorization for the Executive Director to advertise and execute a major works construction contract for the first phase of the Parking Garage Elevator Modernization project at Seattle-Tacoma International Airport in the amount of \$2,155,000 of a total estimated project cost of \$23,276,000 (CIP #C800789).**

Request document(s) included an agenda [memorandum](#) and [presentation slides](#).

- 6k. Authorization for the Executive Director to execute a contract amendment with VIP Hospitality Inc. to support international passenger and baggage processing by increasing the contract amount by \$3,337,000 for a total contract value of \$17,420,000 and by extending the term of services for an additional year through December 31, 2020.**

Request document(s) included an agenda [memorandum](#).

- 6l. Authorization (1) for the Executive Director to execute one contract with Ross and Baruzzini to support and implement airport security and emergency preparedness recommendations as needed for an amount not to exceed \$400,000 during a contract ordering period not to exceed three years and (2) that the commission exercise its authority under RCW 53.19.020(5) to waive the competitive solicitation process for a personal services agreement on the basis that it is not appropriate or cost-effective. No funding request is associated with this request.**

Request document(s) included an agenda [memorandum](#).

- 6m. Authorization for the Executive Director to execute a contract for a Recruiting and Applicant Management System. The contract will be executed for up to a ten-year period and an estimated value of \$1,150,000.**

Request document(s) included an abbreviated agenda [memorandum](#).

The motion for approval of consent items 6a, 6c, 6d, 6e, 6g, 6h, 6i, 6j, 6k, 6l, and 6m carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

7. SPECIAL ORDERS of BUSINESS

7a. Accessibility Improvements at Seattle-Tacoma International Airport.

Presentation document(s) included an agenda [memorandum](#) and [presentation slides](#).

Presenter(s): Heather Karch, Architecture Manager, Aviation Facilities and Infrastructure.

In 2018, accessibility advocacy organization Open Doors issued a report on accessibility at Seattle-Tacoma International Airport. Staff described accessibility improvement efforts undertaken since that time at the airport. Examples of these included provision for airport users of hearing loops, application-based services for the vision impaired, staff pathfinders, real-time language translation services, and deployment of "sunflower lanyards," which are meant to alert workers and the public

to less-apparent disabilities, such as hearing loss, autism, or anxiety disorders. Accessibility signage is a focus in October, which is National Disability Awareness Month. Infrastructure accessibility efforts take time to implement, but some that are proposed with capital improvements include better curbside accessibility, installation of adult changing tables in restrooms, and accessibility signage. The importance of staff training, communications efforts, and community engagement were discussed.

Commissioners commented on the need to consider accessibility in early project planning and the potential for a dedicated accessibility officer staff position. They asked about coordinated efforts for Accessibility Awareness Month and discussed finding a more inviting option to promote use of accessible cabs. It was noted that the airport's current transportation arrangement incentivizes use of individual passenger vehicles over alternatives.

The Commission advanced to consideration of –

ITEMS REMOVED from CONSENT

6b. Authorization for the Executive Director to (1) reimburse Airport Dining and Retail tenants Seattle Air Ventures, JV (not to exceed \$10,000); Airport Concessions, LLC (not to exceed \$212,000); Bambuza Sea-Tac Ventures (not to exceed \$61,000); SSP America, LLC (not to exceed \$170,000); Sub Pop Records (not to exceed \$143,000); and Planeware LLC (not to exceed \$200,000) for costs incurred in the design of Lease Group 3 and 4 units which designs are no longer suitable due to required changes to or relocation of the tenant's lease premises; and (2) for the Executive Director to prepare and execute lease amendments with each of these tenants, respectively, to memorialize payment of the proposed reimbursement, required modification or relocation of their lease premises and, as applicable, extension of construction build-out and lease expiration dates.

Request document(s) included an agenda [memorandum](#) and [presentation slides](#).

Presenter(s): Dawn Hunter, Senior Manager, Airport Dining and Retail.

Commissioners expressed concern over the total amount requested, given the cause appeared to be design challenges related to unsuitability of locations for the intended tenant use or growth-related congestion outside the control of the affected tenants. They asked for more information about how the need for reimbursements came about and whether similar remedies would continue to be needed for future tenants. Staff reviewed the circumstances behind the reimbursement requests and acknowledged that additional reimbursements would likely be sought in early 2020.

It was reported that some pressures driving reimbursements are the result of lease changes occasioned by rapid airport growth and related pressures on security checkpoints. Commissioners asked how the 2013/2014 master planning process could fail to include cross-department consultation with subject matter experts such as fire and facilities staff. They asked whether the Airport Dining and Retail Master Plan needed to be readdressed and release of lease groups halted. It was reported that Lease Group 5 would not suffer from the same strategic issues as some leases in the previous groups because the facility for this group is brand new. Staff indicated that the tenants in question are satisfied with the lease amendments and reimbursements proposed.

The motion for approval of agenda item 6b carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

8. AUTHORIZATIONS and FINAL ACTIONS

Agenda item 8a was removed from the agenda prior to publication.

- 8b. Motion 2019-11: A Motion of the Port of Seattle Commission opposing Initiative 976, a ballot proposition that would significantly hamper the ability of the State of Washington and local government entities from adequately funding transportation infrastructure.**

The title of Initiative 976: Initiative Measure No. 976 concerns motor vehicle taxes and fees. This measure would repeal, reduce, or remove authority to impose certain vehicle taxes and fees; limit annual motor-vehicle-license fees to \$30, except voter approved charges; and base vehicle taxes on Kelley Blue Book value.

Request document(s) included a draft of the motion and full text of [Initiative 976](#). A copy of the final draft of [Motion 2019-11](#) is attached.

Presenter(s): Eric ffitich, Manager, State Government Relations.

PUBLIC HEARING on Motion 2019-11

Upon a motion and second for adoption of Motion 2019-11, Commissioner Bowman declared the public hearing on the motion open.

The commission received a presentation on the motion, in which it was noted that passage of Initiative 976 would jeopardize significant state transportation funding. The initiative would limit collection of vehicle registration fees. Commissioners commented on broad opposition to the initiative from a diverse spectrum of stakeholders.

An opportunity for public testimony was offered, but there was no testimony, and the public hearing was closed.

The motion for adoption of Motion 2019-11 carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

- 8c. Motion 2019-12: A Motion of the Port of Seattle Commission supporting Initiative 1000, through endorsement for the approval of Referendum 88, an initiative to the Legislature which was passed in April 2019 and which supports the Port's goals of increased utilization of small businesses, including disadvantaged, minority-owned, and women-owned businesses.**

The title of Referendum 88: The legislature passed Initiative Measure No. 1000 concerning affirmative action and remedying discrimination, and voters have filed a

sufficient referendum petition on this act. Initiative 1000 would allow the state to remedy discrimination for certain groups and to implement affirmative action, without the use of quotas or preferential treatment (as defined), in public education, employment, and contracting. Should Initiative 1000 be Approved [] Rejected []

Request document(s) included a draft of the motion and full text of [Referendum 88](#). A copy of the final draft of [Motion 2019-12](#) is attached.

Presenter(s): Eric ffitch, Manager, State Government Relations, and Mian Rice, Director of Diversity in Contracting.

PUBLIC HEARING on Motion 2019-12

Upon a motion and second for adoption of Motion 2019-12, Commissioner Bowman declared the public hearing for the motion open.

The commission received a presentation on the motion, in which it was noted that the Port of Seattle Commission has a long history of opposition to constraints imposed by Initiative 200, which Initiative 1000 sought to remove. Diversity and inclusion efforts of the port were listed. It was proposed that failure of Referendum 88, and therefore repeal of Initiative 1000, would continue to hamper the port's efforts to encourage women- and minority-owned business enterprises and related efforts to create economic opportunity for all.

Testimony was received from the following individual(s):

- Jesse Wineberry, former State Representative, in support of Motion 2019-12. Rep. Wineberry submitted written materials, which are attached as minutes [Exhibit C](#).

Following conclusion of public testimony, the public hearing on Motion 2019-12 was closed.

The motion for adoption of Motion 2019-12 carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

8d. Authorization for the Executive Director to (1) advertise and execute a consultant contract to prepare design and construction bid documents for the relocation of Checkpoint 1 at Seattle-Tacoma International Airport, (2) use Port crews for design support and enabling construction activities, and (3) purchase owner-supplied security screening equipment, all of which in an amount not to exceed \$10,000,000 of a total estimated project cost between \$30 million and \$40 million (CIP #C801093).

Request document(s) included an agenda [memorandum](#) and [presentation slides](#).

Presenter(s): Lance Lyttle, Managing Director, Aviation Division; Jeffrey Brown, Director, Aviation Facilities and Capital Programs; and Wayne Grotheer, Director, Aviation Project Management Group.

Plans to relocate airport security Checkpoint 1 to the baggage claim level were summarized. The change is intended to improve checkpoint processing and provide for expansion of Checkpoint 3.

Throughput of the checkpoint is expected to increase by 160 percent. Passengers bound for the South Satellite terminal would exit the checkpoint directly to the South Satellite Transit Station. The airlines were said to be supportive of the relocation. The project cost estimate of between \$30 million and \$40 million was characterized as a rough-order-of-magnitude estimate. The schedule for completion was described as aggressive.

Commissioners commented on the design funding representing nearly 30 percent of the rough project estimate. It was reported that the design funding also includes some equipment procurement. Commissioners noted the relocation would significantly reduce the airport's pre-security footprint. They asked if the Transportation Security Administration is prepared to staff the expanded checkpoint. Commissioners expressed concerns over some of the preliminary design elements.

The motion for approval of agenda item 8d carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

8e. Authorization for the Executive Director to (1) advertise and award a construction contract for Phase 1 of the North Terminals Utilities Upgrade project at Seattle-Tacoma International Airport and (2) employ a project labor agreement. The amount of this request is \$12,064,000. The total estimated Phase 1 and Phase 2 project cost is \$40,000,000 (CIP #C800717).

Request document(s) included an agenda [memorandum](#) and [presentation slides](#).

Presenter(s): Trevor Emtman, Capital Program Leader.

Commissioners commented on the cost estimate escalation from \$12 million to \$40 million and the need to better integrate capital development teams reviewing project scope. Regarding renewable energy options, it was noted that the utility system subject to the project is merely the distribution system and that a variety of energy source options remain available.

The motion for approval of agenda item 8e carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

RECESSED and RECONVENED

The meeting was recessed at 3:05 p.m. and reconvened at 3:15 p.m., chaired by Commissioner Bowman.

9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS

9a. Financial Policy Update Recommendations.

Presentation document(s) included an agenda [memorandum](#) and [presentation slides](#).

Presenter(s): Dan Thomas, Chief Financial Officer, and Elizabeth Morrison, Director, Corporate Finance.

Previously, Motion 2018-14 was adopted November 27, 2018, under agenda item 8c, which called for the Executive Director to review and recommend updated financial management policies as outlined in Appendix B of the 2019 Port of Seattle preliminary budget document.

Staff presented two recommendations for financial management policy updates. First, the following policy language will be included in the 2020 preliminary budget:

Capital Improvement Plan (CIP) Reserve: The Capital Improvement Plan may include one or more CIP reserves to ensure funding capacity for unspecified projects (e.g. renewal and replacement), new initiatives and unforeseen needs. However, CIP reserves are not intended to anticipate all potential future spending and amounts will be determined by considering the data on historical capital trends, existing asset conditions, the status (level of certainty) of CIP forecasts, and any contingent risks that may require funding. The use of CIP reserves will be reviewed with the Commission annually during the budget process.

It was reported that no basis could be found for applying a fixed percentage model to setting CIP reserves.

Second, staff recommends increasing non-airport revenue bond debt service coverage multiplier from 1.5 to 1.8. The role of the debt-service coverage multiplier in leveraging the tax levy for issuance of indebtedness (bonds) was discussed.

Commissioners expressed concern for maintaining excessive project contingencies, translating to larger-than-needed capital spending plans. They commented on the importance of asset protection and the need to avoid deferred maintenance.

9b. 2020 Maritime and Economic Development Divisions' Preliminary CIP Briefing.

Presentation document(s) included an agenda [memorandum](#) and [presentation slides](#). A proposed project summary was provided at the time of the meeting and is attached as minutes [Exhibit D](#).

Presenter(s): Steve Metruck, Executive Director; Stephanie Jones Stebbins, Managing Director, Maritime Division; Dave McFadden, Managing Director, Economic Development Division; and Kelly Zupan, Director, Seaport Finance and Budget.

Working Waterfront principles, capital improvement plan priorities, and key budget assumptions were described. Notable among these are the intent to increase the port's tax levy by three percent in 2020 and to continue a five-year capital investment plan prioritized based on alignment with the Century Agenda. Major projects were noted for both operating divisions.

Commissioners asked about increasing cost certainty before committing to the inclusion of projects in the five-year CIP. They asked about additional revenue capacity. There was a discussion of planning equity and accessibility into capital efforts from the start. Commissioners noted the

importance of translating the port's capital development into terms of job creation and economic and other benefits to the public.

9c. Briefing on the Tax Levy and Draft Plan of Finance for 2020-2024.

Presentation document(s) included an agenda [memorandum](#) and [presentation slides](#).

Presenter(s): Elizabeth Morrison, Director, Corporate Finance; Scott Bertram, Manager, Corporate Finance Analysis; and Borgan Anderson, Director, Airport Finance and Budget.

Commissioners received a summary of the draft plan of finance. Projects related to implementation of the Sustainable Airport Master Plan are still in preliminary design or environmental review, which affects how they are included on the port's balance sheet. As they progress, these projects may occasion reprioritizing of the five-year capital program. Elements of the capital funding plan and contributors for Aviation and non-Aviation divisions were presented. It was noted that airport infrastructure improvements are not funded by the tax levy. Tax levy use for redevelopment of the container facilities at Terminal 5 was discussed. It was noted that while redevelopment at Terminal 46 could be considered eligible for tax levy funding, it is not currently in the list of levy-supported projects.

The port's tax levy history was summarized, including consideration for the reduced purchase capacity over time when the levy amount has not been raised.

Commissioner Calkins was present until 5:15 p.m.

Commissioner Gregoire was present until 5:20 p.m.

Aside from capital expenditures, there are some grants and programs benefitting the community that are funded by the tax levy. The impact of a three-percent levy increase on the average property tax of a median King County home was described. The annual port tax levy contribution per household is estimated at \$1.74. While the 2020 tax levy estimate for the port is \$76.4 million, this is only 1.3 percent of the taxes paid in King County. Tax levy sources and uses were summarized.

ANNOUNCEMENTS

Commissioner Bowman noted the death today of community leader James Reed Ellis, age 98, a Seattle citizen advocate for the environment, mass transit, parks, pools, and other public facilities.

Commissioner Felleman commented on an October 21 article he had written about the Port of Seattle for the *Stranger* and a related resolution drafted to increase commissioner salaries, both of which he asked to be placed into the meeting record and which are attached as minutes [Exhibits E](#) and [F](#), respectively. *[Clerk's Note: The draft resolution shown in Exhibit F has not appeared on a commission meeting agenda or received a vote for introduction.]*

10. QUESTIONS on REFERRAL to COMMITTEE – None.

11. ADJOURNMENT

There was no further business, and the meeting adjourned at 5:32 p.m.

Prepared:

Attest:

Paul J. White, Commission Clerk

Peter Steinbrueck, Commission Secretary

Minutes approved: November 19, 2019.